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Taxi Regulatory Revision in Portland, Oregon: A Case Study

Final Report
September 1982

UMTA/TSC Project Evaluation Series
Service and Management Demonstrations Program

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16. Abstract

This report focuses on taxi regulatory revisions adopted by the Portland City Council and responses observed over the following thirty months.

Portland first relaxed its entry restrictions in March 1979 and codified additional latitude in rate setting by allowing flat, zone-based and contractual rates. Authority for taxi regulatory functions was vested in a new official, the Taxi Supervisor. In April 1980 the City re-asserted some restrictions on entry, including consideration of the need for service and the ratio of licenses to population. It also transferred final authority for issuing new permits from the Taxi Supervisor back to the Council. Changes adopted in June 1980 stiffen requirements for driver permits and require operators to submit financial and operating data.

One new company entered the Portland taxi industry during open entry, and one pre-existing firm also acquired some additional permits. Little, if any, price competition or service innovation has been observed since the changes, nor have the changes apparently served to lessen administrative or Council involvement in taxi regulation.

The regulatory change process and prerevisions local background are described in the project interim report, "Taxi Regulatory Revisions in Portland, Oregon: Background and Implementation," UMTA-MA-06-0049-80-81.

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PREFACE

This report summarizes several waves of taxicab regulatory revisions adopted by the Portland City Council and presents the responses to these regulatory changes observed over the following thirty months. These observations have been collected via anecdotal and documentary evidence on an ongoing basis, but at a much lower level of effort than that implied by a full-scale evaluation. Since the Portland case study presented no unique features unavailable for analysis in Seattle, San Diego, and Dade County, Florida, where full-scale data collection and evaluation efforts are underway, no such data collection program was funded in connection with the regulatory changes in Portland.

Grateful acknowledgement is due, nonetheless, to a number of people for their cooperation and assistance with data requests and in the preparation of this report. Carla Heaton, Technical Monitor, and Joel Freilich, Transportation Systems Center, and Larry Bruno, Project Manager, Urban Mass Transportation Administration, have provided valuable guidance and support. Linda Francin, Taxi Supervisor, City of Portland, has been gracious with her time in providing much needed information, as have Pam Holley, former Taxi Supervisor, Rocky Allen, General Manager, and Dave Clancey, LIFT Coordinator, Broadway Cab, Art Palmer, General Manager of New Rose City Cab, Doug Romero, General Manager of Portland Cab and Floyd Olson, former General Manager of Radio Cab.

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METRIC CONVERSION FACTORS

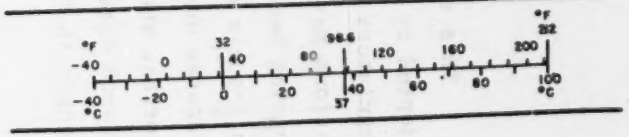
Approximate Conversions to Metric Measures

Symbol	When You Know	Multiply by	To Find	Symbol
	LENGTH			
in	inches	*2.5	centimeters	cm
ft	feet	30	centimeters	cm
yd	yards	0.9	meters	m
mi	miles	1.6	kilometers	km
	AREA			
in^2	square inches	6.5	square centimeters	cm^2
ft^2	square feet	0.09	square meters	m^2
yd^2	square yards	0.8	square meters	m^2
mi^2	square miles	2.6	square kilometers	km^2
	acres	0.4	hectares	ha
	MASS (weight)			
oz	ounces	28	grams	g
lb	pounds	0.45	kilograms	kg
	short tons (2000 lb)	0.9	tonnes	t
	VOLUME			
tsp	teaspoons	5	milliliters	ml
Tbsp	tablespoons	15	milliliters	ml
fl oz	fluid ounces	30	milliliters	ml
c	cups	0.24	liters	l
pt	pints	0.47	liters	l
qt	quarts	0.96	liters	l
gal	gallons	3.8	liters	l
ft^3	cubic feet	0.03	cubic meters	m^3
yd^3	cubic yards	0.76	cubic meters	m^3
	TEMPERATURE (exact)			
°F	Fahrenheit temperature	5/9 (after subtracting 32)	Celsius temperature	°C

*1 in = 2.54 (exactly). For other exact conversions and more detailed tables, see NBS Misc. Publ. 286, Units of Weights and Measures, Price $2.25, SD Catalog No. C13.10:286.

Approximate Conversions from Metric Measures

Symbol	When You Know	Multiply by	To Find	Symbol
	LENGTH			
mm	millimeters	0.04	inches	in
cm	centimeters	0.4	inches	in
m	meters	3.3	feet	ft
m	meters	1.1	yards	yd
km	kilometers	0.6	miles	mi
	AREA			
cm^2	square centimeters	0.16	square inches	in^2
m^2	square meters	1.2	square yards	yd^2
km^2	square kilometers	0.4	square miles	mi^2
ha	hectares (10,000 m^2)	2.5	acres	
	MASS (weight)			
g	grams	0.035	ounces	oz
kg	kilograms	2.2	pounds	lb
t	tonnes (1000 kg)	1.1	short tons	
	VOLUME			
ml	milliliters	0.03	fluid ounces	fl oz
l	liters	2.1	pints	pt
l	liters	1.06	quarts	qt
l	liters	0.26	gallons	gal
m^3	cubic meters	35	cubic feet	ft^3
m^3	cubic meters	1.3	cubic yards	yd^3
	TEMPERATURE (exact)			
°C	Celsius temperature	9/5 (then add 32)	Fahrenheit temperature	°F



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EXECUTIVE SUMMARY

This report documents the taxi regulatory changes enacted by the City of Portland and describes effects to date in terms of local taxi industry size and service characteristics, regulatory and administrative ease and requirements and attitudes toward and awareness of taxi regulatory and service issues among regulators, service providers and the general public. The study of taxi regulatory revisions in Portland is one of several such efforts currently underway within the Service and Methods Demonstration Program, but with a smaller data base than in the other cases. Observations have been collected on an ongoing basis since mid-1979, chiefly from available city data sources and interviews with local actors.

Legislative Changes

Portland adopted three successive waves of regulatory revisions during 1979 and 1980. Effective March 24, 1979, the population-based ceiling on taxi permits was removed and entry opened to new operators on the basis of specified service standards and a finding that the new supply was in the public interest. Unaffiliated independents were excluded since the new law required that applicants operate "sufficient cabs to provide citywide service," and this was interpreted as no fewer than ten cabs. Authority for taxi regulatory functions was vested in a new official, the Taxi Supervisor, whose responsibilities consolidated functions formerly divided among the Council, the Chief of Police's Office, the Business License Division, and the Bureau of Traffic Engineering.

Maximum (rather than standard) rates of fare for exclusive ride service continued to be regulated by the City Council as before, and operators had to file their chosen rate up to this maximum with the Taxi Supervisor. The new regulations also codified flat rates for shared-ride trips between the airport and downtown and wholly within downtown, and allowed operators

to develop discount or other contractual rates for special groups or services, such as shared riding, taxi pools, and fixed route service in addition to conventional exclusive ride service. Both flat rates were originally instituted as part of a compromise 34 percent rate increase approved in 1977; they were simply carried over into the new ordinance.

Effective October 1979, the Portland Council increased the maximum rate for exclusive ride service from $1.00 drop and first 1/9 mile (or $0.90 fixed) plus $0.90 per mile, $9.00 per hour waiting and $0.25 per extra passenger to $1.00 drop and first 1/12 mile ($0.90 fixed), plus $1.20 per mile, $12.00 waiting and $0.50 per extra passenger. The flat rate for trips between the airport and downtown was increased from $3.00 to $4.00 per person and one individual could still elect to pay the three-person minimum, now $12.00. The downtown flat rate, formerly $1.00 for trips wholly within the downtown area, was eliminated for lack of use.

On April 24, 1980, owing to difficulties in establishing the Supervisor's authority to grant new permits and as a result of taxi company opposition, the Council re-asserted some restrictions on entry. The city also sought to clarify ambiguities in the language of the March 1979 law. This revision emphasizes that ultimate authority and responsibility for taxi regulation and appeal rest with the Council and lists factors to be considered in qualifying new entrants, including the need for additional service (the burden of proof is on the applicant) and the current ratio of taxi licenses to population. The minimum number of taxicabs required for citywide service is increased to fifteen, ten of which must be operational at all times.

Last, on June 3, 1980, the Council adopted new regulations stiffening the requirements for taxi drivers' permits and the rules governing driver conduct and requiring company submission of financial and operating data on a monthly basis.

Administrative Changes

None of the major taxi regulatory changes adopted by the City of Portland effects a transfer of responsibilities between jurisdictions. The principal change was the consolidation of responsibilities from various city departments under a new official, the Taxi Supervisor. Taxi vehicle and drivers' permits are now obtained through the Supervisor rather than the Business License Division. The Supervisor also has responsibility for ensuring regulatory compliance, collecting and analyzing financial and operating data, recommending new safety and inspection standards, investigating complaints and conducting liaison with the taxi industry. The Bureau of Traffic Engineering retains an expanded responsibility for establishing taxi zones (stands) and issuing permits for their use.

Administrative Costs - Taxi vehicle and driver permit fees were increased in the 1979 legislation to cover the costs of the Taxi Supervisor function and in anticipation of new entry application. The Taxi Supervisor's position went from half-time to full-time in October 1979. An estimate of current administrative costs and revenues from taxi regulatory fees suggests that recovery is only about 62 percent of costs.

Effects on Local Taxi Industry Characteristics

Portland's regulatory changes had relatively little effect on local taxi industry composition and operating practices. The original revisors' objective of inducing competition and service innovations was not realized. Given the limited nature of the regulatory changes and the city's later retrenchment, however, this is not surprising.

Taxi Industry Size and Structure - Prior to the 1979 code changes, the Portland taxi industry was dominated by two large service companies with over 100 permits each, and included one small company with 11 permits. Although another small company has entered the market, this structure has remained essentially unchanged.

The one new taxi company to enter the Portland industry since the 1979 regulatory changes obtained seven licenses in May 1979, an additional five in December 1979, and another 3 in February 1981, bringing it to a total of 15 cabs. The other small firm also applied for four additional permits, but later declined them and currently continues to operate with eleven permits.

These changes bring the total of Portland taxi licenses from 226 to 244, an 8 percent increase overall. The ratio of taxi licenses per 1000 residents increased from .33 to .36, which remains low by national standards and in comparison with Seattle and other western cities.

Rates and Pricing Practices - All four companies filed the new maximum rate for exclusive ride service within weeks after it was adopted in 1979. The downtown flat rate was eliminated in 1980 for lack of use. One of the smaller companies reportedly offers a 10 percent seniors discount at the individual driver's discretion and is preparing another point-to-point flat rate shared-ride service for city consideration. The other small company reports it gives discounts to regular customers.

There is otherwise no evidence of price competition or alternative pricing practices in Portland.

Level of Service and Operating Practices - One of the large companies reorganized as a cooperative in mid-1980 and the other is currently considering a similar change. A general shift toward more dual (termed "half-cab") ownership of cabs has been observed as taxi operating costs increase. Monthly dues and lease fees have not increased over the past two and a half years, however.

The smaller companies are more dependent than their large competitors upon taxi stand pick-ups (especially at the airport). All companies may now buy permits and use all city taxi zones (stands), so the smaller companies have better access to the downtown and other high demand stands than previously. The large companies continue their traditional practice

of dividing the city and taking or referring telephone requests on this areal basis. The overall change in taxi permits is too small to produce an appreciable change in geographic service coverage. The available data do not provide for findings about in-service hours, response times, or changes in particular O/D pairs.

Operators' anecdotal evidence suggests that contract services currently represent a larger, and conventional exclusive ride a smaller, share of total revenues. This shift in emphasis toward package delivery and other contract services plus low passenger per trip ratios suggest that annual passenger trips may actually be declining. Operator estimates of trips per cab per shift indicate no increase in average annual trips per cab as compared with 1978 figures, although total trips (provided by more cabs) may have increased slightly.

Service Innovations - The newest Portland taxi company represents itself as an innovator in competing for stand-hail trips (especially at the airport) and has reportedly been preparing a new point-to-point flat rate for city approval, though no proposal has yet come to light. The large companies extended their cooperation to bid together on the Tri-County Metropolitan Transportation District's (Tri-Met) lift-equipped special needs transportation service, the LIFT, but were not awarded the contract. Other service innovations have not materialized to this writing.

Administrative Effects

There were both positive and negative effects on the administrative side. Consolidation of taxi regulatory functions within a single department and under a single official appear to be achieving greater efficiency and improved compliance with insurance certification and meter inspection requirements. The new Taxi Supervisor's authority in issuing taxi permits was continually challenged, however, while regulatory fees do not currently cover the full costs of the Taxi Supervisor's regulatory functions. Other administrative effects are highlighted below as transferable implications for other localities.

Attitudes and Awareness - Regulator attitudes appear to have altered over the three waves of revisions from pursuit of a two-fold objective of consolidating and updating the old code while stimulating service innovations to a more single-minded concentration on the former.

The industry has not hesitated to oppose provisions it finds objectionable and to recommend modifications to the city. City staff worked closely with the industry in developing the more recent code changes. Cooperation between the city and the industry had been adversely affected by the 1979 ordinance but appears to have improved again since the 1980 revisions as a result of these interactions.

Transferable Implications

The Portland experience suggests the following transferable implications for other localities.

Code Revisions Alone May Not Achieve Service Innovations - A more flexible regulatory environment may not in itself induce service innovations sought by policy-makers. The strength of the local taxi market and of competing transportation alternatives may be overiding factors. City and local agency support to help develop new markets for these services may be required to elicit operator commitment to developing new services and pricing practices. In any case, the direction and magnitude of the changes adopted in Portland were likely too small to effect major impacts.

Regulatory Revision May Be a Multi-Stage Process - Taxi regulatory changes may need to be achieved in a multi stage process. The lack of a consistent policy concensus for regulatory revision and an evidently impractical first ordinance in Portland produced a change in direction and a second round of regulatory changes. Ambiguities in the text of the 1979 ordinance and the extent of discretionary authority vested in the Taxi Supervisor as well as pressure from the industry to restore some of the previous entry requirements were the major factors leading to these refinements.

1. INTRODUCTION

Taxi regulatory revision in Portland and other U.S. cities is in keeping with the impulse to reduce what is viewed as non-essential government involvement in private enterprise. Key aspects have been to remove exclusionary or monopolistic restrictions on service providers and transfer responsibility for determining rates and permit ceilings from local regulators to the marketplace. A related issue is whether removing regulatory barriers and increasing competition through open entry will serve to stimulate broader service coverage, pricing and other service innovations.

This introduction discusses these general impulses to taxi regulatory revision and then presents the specific objectives of local Portland regulators. It continues with a description of the taxi case study evaluations being conducted under the Urban Mass Transportation Administration's (UMTA) Service and Management Demonstrations (SMD) Program. The introduction closes with a discussion of the research questions and data sources for the Portland case study evaluation.

1.1 OVERVIEW OF TAXI REGULATORY REVISION

Most of the taxi regulations currently in force in many U.S. cities originally addressed the volatility of the industry's early years. That is, they sought to prevent widespread customer abuses, provide for operator accountability, improve service standards and limit so-called unfair competition among taxi operators and between the taxi industry and other transit modes. Over the years, however, this volatility has decreased and the taxi industry in many locales has settled into a little changing structure. Often dominated by one or two large fleets and more or less self-regulating in respects relating to service standards, the industry remains subject to local government decisions on permit ceilings, standard fares, and service types.

As operating deficits and funding cuts continue to threaten provision of public transit services, however, local regulators and planners have begun to focus on the taxicab for its potential to supplement or even replace conventional transit services. Regulations designed to protect the transit industry from unfair competition have come to be viewed as inhibiting the inherent flexibility of taxicab services. Regulators have also begun to doubt that the existing code provisions offer any guarantees of a balance between supply of and demand for taxi services, or between operating costs and rates of fare. Population ratios are insufficiently sensitive to demand. Moreover, the data required to demonstrate the need for rate increases are difficult to interpret, costly to assemble, and require the regulators to rely on documentation supplied by the regulated service providers. Concepts like percentage rate of return on invested capital and ratios of overall operating costs to revenues appear simply to guarantee that taxi rates will go up with costs.

Increases in taxi operator costs, moreover, particularly in gasoline prices and liability insurance, have accelerated the frequency of taxi operator requests for rate increases and therefore, of the public hearings required to adjudicate them. Financial and economic pressures have also led to the failure of several large taxi operations with severe areawide service interruptions in consequence. Even where operators do not fail, cutbacks in taxi service may be experienced as they attempt to hold their costs down. These various conditions have prompted local regulators to re-examine the purposes and content of their taxi regulatory policy.

The impulse to taxi regulatory revision (or reform) has typically expressed some version of the following goals:

- to distance the city or county council from time-consuming public hearings and politically-sensitive regulatory areas, such as rate-setting; and

- to remove institutional barriers to the development of new service types and rate structures.

Frequently, these objectives are stated in terms of free-market economic theories, that is: to remove non-essential, restrictive or even monopolistic regulation, or to encourage service and price innovations by stimulating competition through open entry and rate setting.

Regulators have generally settled upon some form of open entry and rate setting as their means to these ends. That is, they have relaxed the previous restrictions which limited acquisition of new taxicab permits -- typically a permit ceiling (often population-based) and a demonstration that the public convenience and necessity required additional taxi service. In the case of rates, they have replaced the previous standard taxi rate of fare with a variable pricing policy, sometimes under a ceiling, and more or less limiting the rate structures operators may offer and the frequency with which they may change their rates. Some such changes have been adopted by city and county councils in Seattle, Washington, and San Diego, Oakland, and Berkeley, California, in addition to Portland.

Typically, too, the revised regulations have included stiffer requirements for vehicle safety and meter inspections and may prohibit unaffiliated small owner-operators or require radio-dispatching, exterior rate posting and driver identification cards to maintain operator accountability. The primary thrust, in sum, has been to remove barriers to price and service competition while attempting to preserve or improve service standards.

1.2 PORTLAND REGULATOR OBJECTIVES

The Portland Council adopted three successive waves of taxi regulatory revisions during 1979 and 1980. Each major wave had its particular objectives, and these developed on the basis of changing regulator and staff attitudes and the results of the interim regulations. The principal objectives for the 1979 code provisions were two:

- to reduce the number of provisions necessary to ensure adequate service -- i.e., to codify wherein the industry was already self-regulating --in order to consolidate the taxi regulatory function under a single city agency; and

- to render the regulatory environment flexible enough to induce competition and encourage service innovations.

As part of its concern with maintaining quality of service, the Portland Council excluded unaffiliated small owner-operators by requiring 24-hour dispatch capability and a minimum number of taxicabs to qualify for new permits.

Implementing the 1979 law encountered difficulties as existing operators contested the new Taxi Supervisor's decisions and even the City Attorney admitted that parts of the ordinance were unclear. The 1980 code changes had a threefold objective:

- to clarify the 1979 ordinance,

- to limit the Supervisor's discretionary authority by reaffirming that of the Council; and

- to respond to industry complaints and requests for specific code modifications.

Finally in mid-1980, the Council stiffened the provisions governing taxi driver permits and required submission of financial and operating data. This last set of changes is in keeping with the Council's continuing attempt to maintain service quality standards and accountability under open entry.

The primary objections to the 1979 code changes came from the Portland taxi industry, which asserted that increased competition would further erode existing operators' already declining revenues.

1.3 SMD EVALUATION EFFORTS RELATED TO TAXI REGULATORY REVISION*

The Urban Mass Transportation Administration's interest in taxi regulatory revision stems from the taxicab's potential as a complement or even an alternative to conventional fixed-route transit. Since modifications to existing taxi regulations are frequently a prerequisite to service and pricing innovations within the taxi industry, these revisions represent an important new topic of research within the Service and Management Demonstrations (SMD) Program. Prior to the case study evaluations of taxi regulatory revisions in Portland, San Diego, and Seattle, there had been no vigorous studies of the nature and scope provided by these efforts. Since the inception of these projects, the SMD Program has also undertaken case studies of taxi regulatory revisions in Oakland and Berkeley, California, and a retrospective study of revisions which had been adopted in Indianapolis in 1973. In addition, an SMD demonstration in Dade County, Florida will provide a further opportunity to examine the impacts of taxi regulatory revision.

In order to ensure that the methodology and findings will be as consistent as possible across sites to facilitate cross-cutting comparisons using combined data, the taxi regulatory revision case studies are being structured according to a framework developed by TSC.** The case study evaluations of taxi regulatory revisions have two major objectives: (1) a thorough documentation and analysis of the regulatory change process and (2) an assessment of the impacts of the changes on operators, travelers, and regulators. Specific impact issues to be examined include the effects of the regulatory revisions on the composition and fluidity of the taxi industries, operating practices, investment decisions and costs; the quality, quantity, and price of services; operating efficiency, revenues and profitability; and the administrative costs associated with regulation.

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*Much of this section was adopted from B. Spear, et al., SERVICE AND METHODS DEMONSTRATION PROGRAM REPORT, Transportation Systems Center, December 1981, UMTA-MA-06-0049-81-12, p. 150ff.

**C. Heaton, "Evaluation Design for Taxi Regulatory Revision Case Studies," Transportation Systems Center, Staff Study No. SS-24-U.3-175, September 1979.

Evaluation of these impacts is structured in accordance with principles of supply-demand analysis. On the supply side, this means examination of the nature and magnitude of changes in operator behavior along dimensions such as entry and exits, pricing practices, service offerings, investment decisions and operating practices. On the demand side, it includes analysis of changes in traveler behavior in terms of mode choice, taxi trip frequency and timing, and destination choice decisions. The interaction of supply changes and demand responses produces a new level of supply and demand which is reflected in measures of service utilization, revenues and profitability statistics.

Equally important is to study the process by which the regulatory revisions are implemented. By examining the political, legal and institutional barriers encountered by local governments in changing their taxi ordinances and documenting how they have dealt with them, the SMD program seeks to transfer valuable insights to other localities which may be contemplating similar actions.

1.4 PORTLAND CASE STUDY EVALUATION ISSUES AND DATA SOURCES

The precise scope of each case study necessarily depends upon the nature and magnitude of the regulatory revisions adopted and the availability of the ncessary data to evaluate their effects. The regulatory changes adopted in Portland were much less dramatic than those affected in other localities. Moreover, the Portland case study presented no unique features unavailable for analysis in the other sites where full-scale data collection and evaluation efforts were underway. No Federal data collection grant monies were allocated to the City of Portland in connection with these changes, and thus it was decided not to conduct a full evaluation, but to continue the Portland case study at a lower level, monitoring events and maintaining contacts with local actors at regular intervals over the period July 1979 through September 1981. The primary data sources were used to compile this report are the following:

1. City of Portland regulatory and administrative ordinances
2. Personal interviews with regulators and industry members
3. City permit and license records
4. Taxicab industry rate filings
5. Taxi industry monthly operational reports
6. Background documents prepared by Portland-area consultants (see bibliography)

The follwing research questions were identified for the Portland case study, consonant with local regulator objectives, the TSC evaluation framework and the lower level monitoring approach. (Note that the absence of rider information precludes investigation of most effects on demand.)

1) Changes to Taxi Industry Size and Structure. What are the changes observed in Portland taxi industry size and structure as a result of new entry and/or increased competition?

- What is the overall magnitude of response in terms of new entry?
- How does demand for permits vary over time?
- What are the effects on industry structure by company size?
- What are the structural characteristics of the new operations?

2) Changes in Fares and Pricing Practices. What is the extent of price competition observed?

- How do exclusive ride rates vary under the council-established maximum among operation types?
- How does the availability of pre-existing and new flat rates and discounts vary?
- Are there pressures for an increase in the maximum rate?
- What are the nature and extent of any pricing innovations observed?

3) Effects on Level of Taxi Service. Which effects on level of service can be estimated from available data sources?

- Is there an apparent change in geographic or temporal taxi service coverage?
- Is there a change in per-shift productivities, and how do these measures vary among operator types?
- Have the relative proportions of telephone request, street-hail and contract-type trips changed?
- What service innovations, if any, are observed and among which operator types?

4) Changes in Total Taxi Trips and Ridership. Do available data provide for an estimate of changes in total taxi trips and ridership since regulatory revision?

5) Administrative Issues. Note that implementation issues and institutional barriers to taxi regulatory revision are dealt with in detail in the case study interim report. Do available data permit estimation of the administrative costs of regulatory revision?

- o What are the administrative time and dollar costs of the new regulations?
- o Are these costs recovered through taxi permit and driver fees?

6) Attitudes and Awareness. How have attitudes toward the taxi industry and its regulation developed since regulatory revision among regulators, service providers and the general public?

This report presents the results of this monitoring activity in terms of effects to date on local taxi service providers and regulators, and includes a brief review of the regulatory and administrative changes enacted. The reader is referred to Taxi Regulatory Revisions in Portland, Oregon: Background and Implementation, UMTA-MA-06-0049-80-18 for full descriptions of the pre-revisions taxi industry, background data on the Portland area, a point-by-point comparison of the old and new codes (as well as copies of the various ordinances) and a chronology of the regulatory change process.

The report is organized into four primary sections following this introduction. Section 2 presents a brief overview of the taxicab legislative and administrative revisions adopted in Portland; Section 3 describes observed changes in local taxicab industry structural and service characteristics and rates; Section 4 discusses attitudes toward the new regulations and the local taxi industry as expressed by regulators and service providers; and Section 5 presents the case study conclusions and transferable implications.

2. REGULATORY REVISIONS AND ADMINISTRATION

2.1 LEGISLATIVE CHANGES

The Portland Council adopted three successive waves of regulatory revision during 1979 and 1980. These are described in the following paragraphs. The chronology of the regulatory change process is detailed in the project interim report along with copies of the relevant ordinances; these are briefly summarized here in the interest of completeness. The major code changes achieved in each wave of revisions are presented in Table 2.1.

2.1.1 Context and Content of the 1979 Legislation

Development of the 1979 code provisions took several years and witnessed numerous staff and consultant studies of the local taxicab industry beginning in 1974 as a result of the nationwide gasoline crisis. Innovations began with approval in 1977 of a downtown flat fare and airport shared-ride fare aimed at increasing ridership and promoting fare competition. Portland had had a Council-established maximum rate (rather than a standard rate) since 1972, and companies could legally charge rates below it, but all operators charged the maximum.

City administrators, staff, and consultants engaged in studying taxi regulation in Portland expressed two primary goals for regulatory revision:

1. To reduce the number of regulatory provisions to the minimum necessary to ensure adequate service and to consolidate the regulatory function under a single agency (the chief impetus here was to update out-moded code provisions and delete those which had not been enforced for many years -- i.e., to codify wherein the industry was already self-regulating); and

TABLE 2.1

PARALLEL PROVISIONS OF PREVIOUS AND REVISED TAXI REGULATIONS IN PORTLAND

Old code was in Business Regulations and License Code, Chapter 7.76. New code is in Chapter 16.48. Numbers in parentheses refer to subsection of code.

Issue	Previous Code	Revisions 1979	Revisions 1980
Taxicab Definition	Motor vehicle having seating capacity of 5 passengers or less, used for transportation of passengers over shortest and most direct route, with charges made according to taximeter readings. (7.76.080)	Motor vehicle for hire carrying passengers to destinations and by routes controlled by the passenger. Such service uses fare calculated on any combination of initial fee, distance traveled, or waiting time. (16.48.020e)	No change.
Taxi Licenses	Number limited by population ratio of 1 license per 2,900 residents within city limits plus a 3 mile radius. (7.76.270)	Taxicab company permit required. Taxi company must apply to taxi supervisor to obtain additional permits. Supervisor may grant if he finds the interest of the chapter and the public interest will be served. Public hearing required to be presided over by supervisor. Supervisor to establish standards for the issuance of permits and the number of permits to be approved. License may be cancelled by the supervisor if he finds the vehicles have failed to operate as a taxicab. (16.48.070, 16.48.080, 16.48.100)	Decision as to which new business shall be permitted to operate as a taxi company to be made by the council, and that certain factors will be considered by the council in making its decision. (16.48.085). Supervisor to forward application for company permit to the council and council to conduct public hearing. Council to fix number of vehicles company may operate as taxis. (16.48.080)
Vehicle Fees	Covers taxicabs, limousines, for-hire cars, sightseeing buses, out-patient cars. Taxicab fee $2/vehicle/year. An occupation license is required: 1/2% of gross revenue/year. (7.76.010 et seq.)	Application fee for new taxi company is $100. Annual fee of $50 per vehicle to be paid by taxi company. (16.48.080)	No change.
Minimum Number of Taxicabs	Not specified.	Sufficient operational taxicabs to provide citywide service. (16.48.090)	Not less than 15 taxicabs, with 2/3 of total fleet to be operational at all times. (16.48.090)

TABLE 2.1 (Continued)

Issue	Previous Code	Revisions 1979	Revisions 1980
Drivers' Permits	Drivers permit and Oregon chauffeur's licence required. Annual fee of $2. Permits expire on December 31. Every applicant for an original permit must pass an examination on safe driving, knowledge of traffic laws, and knowledge of public streets and buildings. Such an examination may be required by the Police on renewal. Permit card must be posted in a conspicuous place inside the vehicle. Bureau of Police to keep records of complaints against drivers. (7.76.180)	Drivers permit and Oregon chauffeur's license required. Application is to supervisor. Permits expire December 31. (16.48.190) Annual fee of $10. (16.48.200) Permit card shall be posted in a prominent place within the passenger compartment of the cab. (16.48.220) Taxi Supervisor may investigate complaints about drivers or cab service. (16.48.170)	Requires criminal records check of applicant, specifies offenses and other conditions for denial, suspension, or revocation of drivers permit, at supervisor's discretion. (Regulations pursuant to 16.48.030)
Maximum Rates	No charge shall be made in excess of the amount indicated on the rate card. After 7/1/72, all applications for rate changes must be accompanied by audited financial results for the preceding calendar year. (7.76.420) Rates greater than those filed may not be charged. (7.76.490) No charges can be made for traveling empty, except in delivery service. Senior Citizens entitled to 10 percent discount in fare. (7.76.510)	Maximum rates are set and may not be exceeded. Taxi Supervisor may permit a higher maximum rate between hours of 11 PM and 6 AM. No charge is to be made for traveling empty. Contractual rates may be made and must be filed with the Taxi Supervisor. Fare charged must be that posted on the cab, or in the contract. (16.48.130)	Nighttime rate in excess of maximum deleted.
Zonal/Flat Rates Shared-ride Rates	Unlawful to collect any fee on a flat or zone rate. (7.76.510(4)) Unlawful to accept more than 1 passenger on the same trip unless such passengers are a single party group. Separate destinations are acceptable; the driver then must proceed to the closest destination, receive payment for fare, and then re-drop the flag for each passenger's subsequent trip(s). (7.76.520)	Rates filed may contain special rates for zone fares, ride sharing, taxi pooling, jitney service, or fixed route service. Fare charged may not exceed maximum metered rate. Downtown shared-ride rate created of $1. Airport to downtown rate of $3/person* for 3+ passengers may be used. Passenger may choose to pay either metered or shared-ride rate and driver must inform passenger of the presence of these fares. Only one flag drop is to be made. (16.48.130)	Downtown flat rate deleted.

*Airport flat rate increased to $4.00 per person with $12.00 minimum in October, 1979.

TABLE 2.1 (Continued)

Issue	Previous Code	Revisions 1979	Revisions 1980
Filing of Rates	Schedule of rates must be filed with Council. (7.76.400)	Schedule of rates must be filed with Taxi Supervisor. (16.48.130)	No change.
Display of Rates	Rates must be conspicuously posted and visible both outside the cab and inside. Enforcement given to Chief of Police. (7.76.410)	Same, only form to be approved by Taxi Supervisor. (16.48.130(3)(1))	No change.
Appeal of Supervisor's Actions	Appeal to the council if any action of the Commissioner of Public Utilities is provided.	Supervisor or commissioner in charge may stay effect of any action of supervisor pending appeal. (16.48.050(g))	Decision and/or effect of any order of supervisor to be stayed pending outcome of appeal. (16.48.050 and 16.48.100)
Records Keeping	The licensee must keep available trip sheets of all operations for the inspection of the City for one year. Trip sheet data is not specified. (7.76.110)	Financial operating data is to be kept and reported in a form the Taxi Supervisor decides is appropriate. (16.48.160)	Financial operating data to be submitted on monthly basis to supervisor on approved sheets. (Regulations pursuant to 16.48.160)
Insurance	Minimum specified: $100,000 bodily injury to 1 person; $300,000 from any one accident; $20,000 property damage. Proof of insurance must accompany application. Bureau of Licenses must be given 30 days notice of cancellation. (7.76.130)	No change, except Taxi Supervisor must receive notification of cancellation. (16.48.150)	No change.
Vehicle Inspections	Taxicabs and other vehicles are to be examined under direction of the Chief of Police whenever found necessary for public safety. (7.76.150) No license required by the chapter shall be issued except upon a certificate of inspection. (7.76.160) (7.76.340)	Every taxicab to be kept clean, in good repair, properly equipped and in a safe condition. Taxi Supervisor is to establish safety and quality standards. (16.48.140)	No change.
Taximeters	All taxis must operate with an inspected taximeter. (7.76.290) Illegal to make any charge which is not based, measured, and computed by reading the fare of the taximeter. (7.76.300) Taximeters must be inspected, and proof of such inspection filed with the police, every 2 years. (7.76.310)	Every cab must have a taximeter which is to be inspected annually. Certificate of inspection must be kept on file at offices of the taxicab company. (16.48.120)	No change.

TABLE 2.1 (Continued)

Issue	Previous Code	Revisions 1979	Revisions 1980
Display of Vehicular License Card	License cards issued by the City must be placed in plain sight in the vehicle. The card contains the name and address of the registered owner, the number of the state license, and signature of owner. (7.76.060)	Identification of taxi company affiliation must be prominently displayed on outside of vehicle. (16.48.110)	Company identification to be displayed on both sides of vehicle. (16.48.110)
Vehicle Transfers	$1 fee charged for transfer of vehicle ownership. (7.76.200)	Not covered.	No change.
Lost Articles	Drivers must report any property of value left in cabs to the Bureau of Police. (7.76.260)	Company must maintain record of and hold lost articles for 90 days. (16.48.180)	No change.
Routing	Driver employed to carry passengers to a definite point shall take the most direct route possible. (7.76.350)	Driver must use the most direct route, unless requested to do otherwise by passenger. (16.48.230)	No change.
Luggage	Conveyance of light baggage shall not be charged for. (7.76.380)	Not substantively changed. (16.48.130)	No change.

2. To create a regulatory environment flexible enough to induce competition and service innovations (encouraging new entry was a part of this goal).

Relaxation of entry restrictions found its strongest advocate in then-Portland Mayor Neil Goldschmidt, who urged that economic conditions be relied upon to regulate the taxi industry and asserted that open entry would stimulate more innovative and competitive operations. A draft ordinance was codified during the summer of 1978 and debated for several months, during which time it underwent revisions as a result of compromises between City policy-makers and the local industry.

The amended ordinance was passed February 21, 1979 with a surprising vote: two City Commissioners who previously opposed relaxing the existing regulations approved it while Mayor Goldschmidt voted against. That is, the amended legislation was evidently more moderate than originally proposed. The three existing taxi companies -- all of which had opposed the original language -- indicated that they supported the "as passed" legislation.

2.1.1.1 Changes Affecting Entry - Effective March 24, 1979, the population-based ceiling of one taxi permit per 2900 residents was removed. Application for new and additional permits was opened to new and existing operators on the basis of specified service standards and a finding that the new supply was in the public interest. Unaffiliated independents were effectively excluded since the new law required that applicants operate "sufficient cabs to provide citywide service," and this was interpreted as no fewer than ten cabs (seven of which were to be in operation at all times). Authority for taxi regulatory functions was vested in a new official, the Taxi Supervisor, whose responsibilities consolidated functions formerly divided among the Council, the Chief of Police's Office, the Business License Division, and the Bureau of Traffic Engineering.

Another significant change was the inclusion of minimum taxi service standards in the city code for the first time. These standards required:

1. An office open and staffed for a minimum of 8 hours a day, 5 days a week.

2. A dispatch system in operation 24 hours each day, capable of providing reasonably prompt service in response to requests received by telephone.*

3. Facilities and personnel sufficient to ensure that the requirements of the chapter are met by every taxicab operated by the company.*

4. Sufficient operational taxicabs to provide service on a citywide basis in accordance with standards adopted by the Taxi Supervisor.

5. That a taxicab company not refuse to respond to any request for taxicab service received from a location within the City limits and three airline miles thereof.

6. That a log be maintained by each driver in which a record of every trip shall be kept, in a form approved by the Taxi Supervisor. This log shall be maintained for at least one year after the last entry therein by the taxicab company.

Essentially, a new company could qualify so long as the Taxi Supervisor found that it could meet the service standards mentioned above (i.e., demonstrate financial responsibility and possess the minimum number of taxicabs) and that the public interest would not be damaged by such a new company.

2.1.1.2 Changes Affecting Rates and Other Regulations - Maximum rates of fare for exclusive ride service continued to be regulated by the City Council as before, and operators had to file their chosen rate up to this maximum with the Taxi Supervisor. Since 1977, this maximum rate

*This provision did not specifically require a radio dispatch system, however. Early on, the smaller firms were reportedly using telephone-pager services rather than radio frequencies.

was $1.00 drop including the first 1/9 mile (or $0.90 fixed)* plus $0.90 per mile, $9.00 per hour waiting and $0.25 per extra passenger. Operators could also file special rates on a zone basis for ride-sharing, taxi-pooling, jitney service, fixed-route service or other special services offered by the company.

The new regulations also included flat rates for shared-ride trips between the airport and downtown and wholly within downtown. The airport flat rate was $3.00 per person, with a minimum of three persons, although fewer than three could elect to pay the $9.00 minimum. The downtown flat rate was $1.00 per passenger with no minimum. Both flat rates were originally instituted as part of a compromise 34 percent rate increase approved in 1977; they were simply carried over into the new ordinance.

Effective October 1979, the Portland Council increased the maximum rate for exclusive ride service to $1.00 drop and first 1/12 mile ($0.90 fixed), plus $1.20 per mile, $12.00 waiting and $0.50 per extra passenger. (All operators filed this rate within a matter of weeks, although one offered a 10 percent discount to elderly and handicapped patrons at the individual driver's discretion and another reportedly offered lower rates to "regular" customers.) The flat rate for trips between the airport and downtown was increased from $3.00 to $4.00 per person. One individual could still elect to pay the three-person minimum, now $12.00.

The 1979 ordinance also broadened the definition of a taxicab vehicle, required financial operating information, included changes in taxi vehicle and driver permit fees, modified the permit and fee system for use of taxi stands, stepped up meter inspections from biennial to annual, and allowed the Taxi Supervisor to establish vehicle safety and maintenance standards and to investigate complaints.

*"Fixed" charge is the drop charge excluding mileage.

2.1.2 Subsequent Legislative and Administrative Changes: The 1980 Revisions

Several factors prompted the Portland City Council to adopt subsequent regulatory changes. Lawyers for the existing companies attacked sections of the 1979 ordinance as unclear, particularly as to the requirements for obtaining new or additional permits. All three companies had appealed the Taxi Supervisor's issuance of a second group of permits to Portland Cab Company, the city's newest operator, in December of 1979. Although the appeal was ultimately withdrawn, it demonstrated to the City Council and staff that the Taxi Supervisor's discretionary authority was vulnerable to repeated challenge. The City Attorney had reportedly predicted this kind of reaction with reference to ambiguities in the new law.

Seeking to avoid such appeals and the concomitant public hearings, the city again proposed to discuss the ordinance's provisions with the industry to achieve an acceptable compromise. It should be noted that the taxi regulation issue had become politicized under the Goldschmidt administration and it was somewhat less so after Mayor Goldschmidt left Portland in mid-year to assume leadership of the Federal Department of Transportation. Connie McCready was appointed to replace him in September of 1979. By the beginning of 1980, many of the staff who had been involved in the draft of the 1979 ordinance had left Portland government; those who remained did not take an active role in developing the subsequent revisions. Charges were made that this "faction" was deliberately excluded from the discussions, but the current Taxi Supervisor refuted the allegation with reference to official letters notifying all interested parties of the relevant meeting.

The new law had a threefold objective: to clarify the 1979 ordinance; to limit the Taxi Supervisor's discretionary authority; and to respond to industry complaints and (evidently rather successful) lobbying efforts to amend the 1979 version. Although some of the changes were explicitly represented as compromises with the local taxi industry and may be seen as a step back to restricted entry -- specifically the factors to be considered in qualifying new companies and the increase in the minimum number of cabs required -- City staff maintained that the April 1980 law

effected no sweeping return to the pre-1979 provisions but chiefly served to clarify entry procedures and other requirements.

The taxi ordinance adopted on April 24, 1980 shifts the ultimate authority and responsibility for taxi regulation from the Taxi Supervisor back to the City Council. It continues the requirement for a public hearing to be held on applications for new or additional taxi permits, but this hearing may be presided over by the Taxi Supervisor or the Council. All of the Supervisor's decisions may be appealed to the Council, however, and such decisions are then stayed pending the outcome of the appeal. The Council is to set all rules and requirements regulating taxicabs.

The factors to be considered in qualifying permit applicants are stated as follows:

1. the adequacy of the local public transportation system;
2. the applicant's demonstration of the need for additional taxi service;
3. the ratio of taxi licenses to population;
4. the utilization pattern of current taxis; and
5. the local commitment of the applicant.

The minimum of taxicabs required to provide citywide service is increased to 15, ten of which must be operational at all times.

The provision for the downtown flat fare is deleted, evidently because this rate was rarely used.

Finally, on June 3, 1980, the Portland City Council passed additional regulations stiffening requirements for taxi drivers' permits and requiring submission of operator financial and operating data. These include a criminal records check and specify offenses for which a new or renewal permit may -- at the Supervisor's discretion -- be denied. Submission of financial and operating data is to be on monthly data reporting forms

prepared by the Supervisor. Failure to comply with this requirement is punishable by a fine or suspension or revocation of a taxicab company's permit.

Although the factors to be considered in qualifying new applicants certainly resemble those prevailing during the "public convenience and necessity certification" era, city staff maintain that the words "to be considered" leave their consideration to the Council's discretion. Staff also maintain that new entry is no more difficult since the April 1980 law than under the March 1979 version. Indeed, they say, it is easier, since applicants can be in no doubt as to the informational and procedural steps required.

2.2 ADMINISTRATIVE AND JURISDICTIONAL CHANGES

None of the major taxi regulatory changes adopted by the City of Portland effects a transfer of responsibilities between jurisdictions. The State of Oregon gives jurisdiction to the incorporated cities to regulate taxicabs within three air miles of their municipal boundaries. Counties do not regulate taxicabs. When a taxicab company's operating area is not within a city jurisdiction, the city in which the taxicab company is based has jurisdiction over its licensing and operations. Thus the greatest single change was the creation of a Taxicab Supervisor, whose consolidated responsibilities include duties formerly scattered among several city bureaus, including the Police Chief's Office, the Business License Division, the Bureau of Traffic Engineering, and the City Attorney's Office. In addition the Bureau of Traffic Engineering is given regulatory supervision of city taxi zones (stands) previously held by itself, the Council and the Commissioner in charge of the use of streets.

The Port of Portland has regulatory responsibility for taxicabs operating at Portland International Airport (PIA). A major source of revenue to taxi operators, PIA passengers contributed nearly 200,000

taxi trips in 1978. There is no ceiling on airport taxi permits, but the Port requires all airport taxi operators to be City-licensed. The only fee operators pay the Port is a 50 cent charge each time the vehicle enters the commercial area. This is added to the meter fare as a surcharge.

2.2.1 Procedures, Fees and Requirements

The procedures for initiating taxi operations are essentially unchanged. A business license must still be obtained from the Business License Division. Taxi and driver's permits are now obtained through the Taxicab Supervisor rather than the Business License Division and the fee raised from $5.00 to $10.00 annually. As part of the 1979 ordinance, fees on taxis were increased from $2 to $50 per vehicle per year to defray a larger part of the regulatory costs. The Business Revenue Tax (0.55% of net income) remained unchanged. In anticipation of new firms applying for taxi licenses, a $100 application fee for new taxicab companies was also established.

While the Taxi Supervisor was empowered to establish safety and inspection standards, to this writing no new standards had been established. The previously existing system, whereby the taxi companies were responsible for the appearance and safety of their member vehicles, has continued, and few public complaints related to taxicab safety or appearance have been reported. Annual meter inspections are to be confirmed by a certificate on file with the taxi company from a certified meter repair shop. The current Taxi Supervisor has expressed her intention to investigate the adequacy of this approach.

The revised ordinance also gave the Taxi Supervisor power to require financial and operational data from operators. A standardized reporting form was promulgated with the June 1980 regulations and data from that time through the present has been submitted.

The 1979 ordinance modified the regulation of taxi zone usage in Portland, authorizing the City Bureau of Traffic Engineering to designate and maintain taxi zones (stands) and requiring taxicab companies to obtain a taxi zone permit from the Bureau. Where previously taxi zone permits were granted on an exclusive priority basis, a company's proportionate share of which was not to exceed its proportionate share of all taxicabs, now the law provided for all companies to use all taxi zones. The permit fee was set at $0.10 times the number of taxicabs the company is permitted to operate times the number of all Portland taxicab zones. This procedure was not changed further in the 1980 code revisions. This approach potentially increases the revenue derived from taxi zone permits, but no quantitative data were available to this report.

2.2.2 Costs of Taxi Industry Regulation

While data on actual city time and dollar costs of taxicab regulation have not been supplied, data presented by Allen and provided by the Taxicab Supervisor permit a rough estimation of these costs as well as of revenue from regulatory fees as shown in Tables 2.2 and 2.3.* These estimates include administrative labor and other costs for the Taxi Supervisor function only, since other taxi regulatory costs (e.g., in the Bureau of Traffic Engineering and for the City Council) were too dispersed and sporadic for estimation. Revenues estimated are those from taxi company application, vehicle permit, renewal, and driver permit fees only. Taxi zone permit fees are reportedly used toward costs within the Bureau of Traffic Engineering. Taxi business license tax revenues, like other taxes, go into the general fund which helps to support taxicab regulation. The amount of its contribution was not available to this report, however.

*James J. Allen, REGULATION OF TAXICABS IN THE CITY OF PORTLAND: REVIEW AND RECOMMENDATIONS, 3 Vol., 1978.

TABLE 2.2. ESTIMATED ANNUAL ADMINISTRATIVE COSTS OF TAXI REGULATION IN PORTLAND*

	1978-79**	1979-80†	1981-82††
SALARIES	$20,519	$36,100	$25,000
Administrator	(15,579)	(31,160)	
Clerical	(4,940)	(4,950)	
BENEFITS	5,369	9,110	5,000
Administrator	(3,739)	(7,480)	
Clerical	(1,630)	(1,630)	
OTHER COSTS	3,850	3,850	1,500
Supplies	(500)	(500)	
Local Travel	(300)	(300)	
Office Space	(2,100)	(2,100)	
Printing	(250)	(250)	
Postage	(250)	(250)	
Telephone	(450)	(450)	
TOTAL	$29,738***	$49,060	$31,500

*Based upon data for 1978-79 presented by Allen op. cit., Vol. 2, p.33.
**Taxi Supervisor and Clerical staff at half-time.
***Allen also estimated one-time furniture and equipment purchases at $1780.
†Administrator to full-time, no inflation factor or salary increases include no changes to other costs estimated by Allen.
††Estimates developed with the assistance of the Taxi Supervisor. No clerical support is provided and benefits are estimated at 20% of salaries.

Taxi vehicle and driver permit fees were both increased with regulatory revision to cover the costs of the new Taxi Supervisor function. Although Allen estimated revenues at 98 percent of costs while the Supervisor function was half-time, he evidently overestimated both items. (Allen had suggested that the Supervisor could fulfill her regulation enforcement responsibilities in twenty hours per week, with time left over for planning type activities to further taxicabs as a paratransit resource.*) According to the current Supervisor, regulatory fees approach 62 percent of full cost recovery, as shown in Tables 2.2 and 2.3.

TABLE 2.3. ESTIMATED ANNUAL REVENUE FROM TAXI REGULATORY FEES IN PORTLAND (ANNUAL TAXICAB AND DRIVER PERMIT FEES)*

	1978-79	1979-80	1980-81
Taxicab Company Applications @ $100 (One-time Fee)		100	
Taxicab Annual Permit Renewals @ $50	$11,300	$11,300	$12,050
Taxi Driver Permits @ $10			
Owner-Drivers	2,950	N/A**	3,370
Hired Drivers	2,190		2,500
Turnover	1,360		1,550
Total	$17,800		$19,470

*Based upon data presented in Allen, op. cit. Vol. 2, p.34, and information provided by the Taxicab Supervisor.
**Data not available.

The Taxicab Supervisor's position was increased to full-time in October 1979. (It became a Civil Service position during April 1981.) Both recent Taxi Supervisors have reported a full schedule, even in the absence of a large volume of new entry such as has been experienced elsewhere. The late 1979 through early 1980 appeal of Portland Cab company's second round of permits

*Allen, op. cit., Vol. 2, p.32.

was particularly time-consuming, as were the discussions and draft preparations pursuant to the 1980 round of regulatory revisions. Achieving compliance with the new entry requirements required continuing follow-up efforts on the part of the Taxi Supervisor with both of the companies requesting additional permits during 1980.

No cases of pre-revisions applications are available for comparison, however. The last new firm to enter the Portland taxi industry was Rose City Cab in 1970, and its approval process is shrouded in hearsay owing to its being a minority business enterprise dependent upon SBA support and foundering during its first year. Regulators interviewed during the project were generally at a loss to recall specific details about the application and permit award and their testimony is contradictory.

Since March 1981, the Taxicab Supervisor has been holding regular liaison committee meetings with a representative group of taxi drivers. These meetings provide for on-going communication between the city and the industry as well as a forum for the discussion of relevant ideas. These meetings currently require only a few hours of the Supervisor's time per month.

The Supervisor's duties also include investigation of complaints relating to taxi services. Although no quantitative data is available over time, both Supervisors have reported significant involvement with complaints directed at all firms. These chiefly concern fare refusals and overcharging, principally from the airport.

No new staff have been added to perform taxi regulatory and administrative functions in Portland.

The Council's involvement in taxi regulation was apparently reduced somewhat when the 1979 regulations shifted authority for qualifying new permit applicants to the Taxi Supervisor. The extent of Council involvement required since the 1980 law will depend upon the level of new entry and

whether any appeals are filed. No applications for new (as opposed to additional) permits have been filed to date since the April 1980 law went into effect. The Council continues to have authority for receiving and deciding on petitions to increase the maximum rate of fare. Rumors circulated in early 1981 concerning a pending request to increase fares, but the request never materialized.

The addition of one new firm does not appreciably affect the Business License Division's time requirements in collecting taxi business license taxes. The Bureau of Traffic Engineering has new duties in collecting fees and issuing taxi zone permits. Taxi and meter inspections, left to the individual companies since 1974, have become a recent focus of the Taxi Supervisor, who seeks to ensure that periodic inspections are performed and the required certification filed in a timely manner.

2.2.3 Effect of Administrative Changes on Operator and Driver Qualification

2.2.3.1 Ease of Permit Application Since the Changes - The initial impetus to taxi regulatory revision in Portland was reportedly the City's desire to see the industry become self-regulating so that municipal resources could be devoted to more important tasks. (Staff within the Goldschmidt administration also advocated open entry as a means of inducing innovation and competition among taxi operators.) The 1980 revisions, although from one point of view they seem to reduce some of the flexibility achieved by the 1979 ordinance, also reportedly sought to ease the taxi permit application and qualification process by clarifying the necessary requirements.

But it is not clear that either approach has achieved this general objective. Three out of the four applications filed for additional permits have been protracted undertakings. Portland Cab Company's 1979 application for and award of an additional five permits was formally appealed (although ultimately the appeal was withdrawn) by all of the other operators. Its 1980 application was also stalled when the Taxi Supervisor found it had provided insufficient evidence to justify the need for new service. On the

other hand, she asserted, operators who opposed the Portland Cab application also failed to produce sufficient evidence to support their contention that new service could not be supported.

The 1980 legislation was proposed in part to ameliorate such difficulties. Yet Portland and New Rose City Cab Companies' later awards of three and four additional permits, respectively, each also took a long time, and for similar reasons. Both applications were originally filed during early November 1980, about one week apart. Portland, which filed first, finally received three of the five permits it requested on February 3, 1981 after a 30-day extension following a hearing December 19. The Taxi Supervisor had found the company "totally unprepared" for the hearing, despite six weeks' notice and the new ordinance supposedly spelling out the qualifications requirements. The company reportedly supplied inadequate financial reporting information and failed to substantiate the need for additional taxi service. (The other three companies all testified in opposition at the hearing.)

Once the three permits were awarded, bringing Portland Cab Company up to the minimum 15 cabs required by ordinance -- an objective the Supervisor apparently saw as her duty in implementing the new ordinance -- the two larger companies, Broadway and Radio Cab, reportedly threatened to appeal. They asserted that activity at Mt. St. Helens had severely interrupted local tourism and produced a decline in taxi business. This appeal was also ultimately withdrawn.

The New Rose City application was originally filed about November 11, 1980 and delayed at the company's request after Portland Cab's December 19 hearing and pending the outcome of its application. New Rose City re-submitted its application about February 6, 1981, and the hearing was scheduled for March 6. The Taxi Supervisor found the company in non-compliance with the financial and operating data reporting requirements and assessed them a $200 fine. New Rose City was then given until April 30 to submit the required data. The permits were granted April 17, 1981, but New Rose City did not claim them for many months and finally declined them altogether on September 29.

Several perspectives help to explain these experiences. First is the Taxi Supervisor's evident objective of bringing the smaller companies into compliance with the minimum 15-cab requirement. The Supervisor reported that the Council had originally suggested simply raising all existing companies' permits to the new minimum to achieve uniform compliance. The new ordinance, however, includes a "grandfather" clause (16.48.070) permitting pre-existing companies to operate in non-compliance with these minimum standards. The Taxi Supervisor, nonetheless, preferred for the smaller companies to go through the application and qualifying process to bring them into compliance with the 15-cab minimum. Second is the continuing need for the Supervisor to exercise subjective judgement in awarding additional permits. Third, and hardly least, is some evident lack of interest among Portland taxi operators in obtaining taxi permits. At least one company was required to support an application for additional permits which it is apparently unprepared to operate. Similarly, the large firms were challenged to pose a case against a foregone conclusion -- and thereby to threaten relaxation of the minimum taxi requirement which provides them some measure of protection against new entry. Either the operators are not sufficiently motivated or are simply unable to provide the documentation required by the new ordinance and its administrators.

2.2.3.2 Driver Qualification - Driver qualifications have been another area eliciting legislative modifications. With the increasing shift to lease-driver operations, stiffening driver qualifications requirements appears to offer the city some indirect control over driver behavior. A question remains, however, as to whether these requirements are enforceable.

Enforcement sanctions against the hiring of or leasing to unqualified drivers are limited. A traffic violation or passenger complaint may be required to disclose the violation in the first place. The city may then reprimand or fine the company, or the driver, but problems remain of assigning responsibility and setting fines which are stiff enough to affect the low probability of conviction. The last resort -- suspending or revoking permits -- is to curtail service. Indeed, the company's own argument could

be that it must lease to less-qualified drivers in order to maintain adequate levels of service (or even to meet its costs under conditions of open entry). Requirements to insure that company management maintain tigher control over its lease drivers may be similarly difficult to achieve and to enforce.

Portland stiffened its driver permit requirements during 1980 and is currently trying to address potential violations with some procedural changes. The Taxi Supervisor now maintains a compiled list of drivers holding valid permits and requires the taxi companies to maintain personnel data on file with the City. By these means the Supervisor can monitor the composition and affiliation of taxi drivers and have a data base against which to check traffic and other citations and complaints. Furthermore, the City puts the company name on the driver permit so as to ensure its return to the City should the driver leave the company. Drivers for the two larger companies apply for their permits through the company while those affiliated with the smaller firms apply directly to the City.

3. EFFECTS ON TAXI INDUSTRY AND SERVICE CHARACTERISTICS

3.1 CHANGES IN INDUSTRY SIZE AND STRUCTURE

3.1.1 Number of Operators and Taxicabs by Type and Size Prior to 1979

Prior to the 1979 code changes, all Portland taxi permits were held by service companies, i.e., associations of owner-operators. In 1978 the industry had two large operations and one small one. These were: Broadway Cab, with 113 permits; Radio Cab, with 102; and New Rose City Cab with 11. Broadway and Radio Cab companies had constituted the city's only taxicab operators during the 1960's. A minority business enterprise, Rose City Cab entered the market in 1970 with the intention of serving the reportedly under-served black-populated areas of the city. This company was dissolved in 1971 and replaced with New Rose City Cab, which continues through the present.

The 1978 total of 226 permits was less than the 234 which would have been permitted under the pre-revisions ceiling calculated on the basis of one license for every 2,900 residents in the City's extended jurisdiction (population 680,000).* There were .33 taxi licenses per 1,000 residents, a ratio 40 to 50 percent lower than median ratios reported for other U.S. cities during 1974 and 1976,** and also low in comparison with 1978 figures for Seattle and San Diego (.7 and .51 licenses per 1,000 respectively).

Some of these licenses evidently went unused, moreover. Permits were issued to the taxicab company. Taxi owners wishing to leave the industry would typically resell their vehicle back to the company or association holding the permit and the company would then wait until a buyer could be found. Since the licenses allegedly accrued monetary value under closed

*This includes Portland residents plus all those within three air miles of the city limits.

**See Gilbert et al., ESTABLISHING INNOVATIVE TAXICAB SERVICES: A GUIDEBOOK, 1977, p.13.

entry, few were ever returned to the City. Thus, the affected cabs would go unused during the period prior to resale. (The new regulations attempted to address this problem by providing for revocation of unused licenses.)

The total number of Portland taxi permits underestimates the number of Portland taxi owners, however. In addition to wholly-owned cabs, the Portland industry also includes so-called "half cabs." These are shared by two owners each of whom owns (and usually drives) the cab for one of its two shifts, constituting a kind of partnership within the company or association. There were 321 owners, including half owners, in the Portland industry in 1978.

3.1.2 Permits Issued Since the 1979 Code Changes

Table 3.1 presents the breakdown of Portland taxi permits by company and ownership type for December 1978 through August 1981. Twelve new and three additional taxi permits were issued during 1979, and seven additional permits were issued during 1981, following regulatory revisions. One new company, Portland Cab Company, joined the local industry, obtaining seven new permits in May and five more in December 1979, while one existing firm, Radio Cab Company, obtained three additional permits. There are indications, in the Allen report and from company management, that these permits were acquired primarily to regularize the company's current level of operations -- i.e., the company may already have been operating two or three additional vehicles.* Of the two smaller firms, Portland Cab Company subsequently obtained three additional permits in 1981, bringing it up to the fifteen cab minimum requirement established in the 1980 law. New Rose City applied for four additional permits but ultimately declined them in late September 1981.

It should be noted that both the 1979 and 1980 code changes required a minimum number of taxicabs, first stated as "sufficient taxicabs to provide citywide service" and interpreted as ten cabs and later stated as "fifteen cabs, ten of which are to be operational at all times." These provisions

*Allen, op. cit., Vol. 2, p.11.

TABLE 3.1. DISTRIBUTION OF PERMITS AND OWNERSHIP OF PORTLAND TAXICAB BY COMPANY AND YEAR, 1978-1981

LICENSED VEHICLES:	1978 #	1978 (%)	1979 #	1979 (%)	1980 #	1980 (%)	1981 #	1981 (%)
Broadway								
Whole Cabs	47	(42%)	47	(42%)	79	(70%)**	27	(24%
Half Cabs	57	(50)	65	(57)	33	(29)	86	(76)
Not Operating	9	(8)	1	(1)	1	(1)	-	-
TOTAL	113	(100%)	113	(100%)	113	(100%)	113	(100%)
Radio								
Whole Cabs	31	(30%)	40	(38%)	62	(59%)	62	(59%)
Half Cabs	74	(70)	65	(62)	41	(39)	41	(39)
Not Operating	-	-	-	-	2	(2)	2	(2)
TOTAL	102*	(100%)	105	(100%)	105	(100%)	105	(100%)
New Rose City								
Whole Cabs	5	(45%)	10	(91%)	11	(100%)	10	(91%)
Half Cabs	-	-	-	-	-	-	1	(9)
Not Operating	6	(55)	1	(9)	-	-	-	(-)
TOTAL	11	(100%)	11	(100%)	11	(100%)	11	(100%)
Portland Cab								
Whole Cabs	-		6	(50%)	4	(33%)	11	(73%)
Half Cabs	-		5	(42)	8	(67)	4	(27)
Not Operating	-		1	(8)	-	-	-	-
TOTAL	-		12	(100%)	12	(100%)	15	(100%)
City of Portland Total								
Whole	83	(36%)	103	(43%)	156	(65%)	110	(45 %)
Half	131	(57)	135	(56)	82	(34)	132	(54)
Not Operating	15	(7)	3	(1)	3	(1)	2	(1)
TOTAL LICENSES	226*	(100%)	241	(100%)	241	(100%)	244	(100%)

SOURCE: City of Portland Taxi Supervisor and Allen, op. cit., Vol. 2.

*Sic Allen. Radio may have possessed taxicabs in excess of actual permits, necessitating increase of three permits obtained the following year.

**Sic data supplied by Taxi Supervisor

effectively exclude small unaffiliated owner-operators and help to explain the very limited demand for new permits in response to the code changes enacted in Portland. On the other hand, Portland operators say that the local taxi business has been declining over the past three years and that current ridership is insufficient to support existing taxicabs, let alone additional ones. The lack of demand for the remaining permits allowable under the old ceiling supports this view.

In summary, these changes bring the total of Portland cabs to 244 (0.36 licenses per 1,000 population) in 1981, representing an eight percent increase over the 1978 total. While the number and proportion of permits held by small firms has more than doubled during the past 32 months, the structure of the Portland industry remains dominated by the two larger companies, as shown in Table 3.2.

TABLE 3.2. CHANGES IN SIZE AND STRUCTURE OF PORTLAND TAXI INDUSTRY, 1978 THROUGH AUGUST 1981

Company Name	Number and % of Permits as of December 1978		1979		1980		1981	
	#	%	#	%	#	%	#	%
Broadway	113	50	113	47	113	47	113	46
Radio	102	45	105	44	105	44	105	43
Portland	-	-	12	5	12	5	15	6
New Rose City	11	5	11	4	11	4	11	5
	226	100	241	100	241	100	244	100
% Change from Previous year			+6.6%		-		1.2%	
% Change from 1978			+6.6%		+6.6%		8.0%	

3.1.3 Characteristics of New Entrant

Portland's newest cab company, Portland Cab, represents itself as an aggressive innovator which can hold its own against its larger competitors. A spin-off of owner-operators from Broadway Cab, the Portland Cab Company originators were described by current Portland company management "rejects" from Broadway Cab Company. Initially formed as a loosely-organized group of individualistic owner-operators and lease drivers concentrating on the airport and other taxi stands, the company's new management has shifted policy directions. Its stated goals now are to consolidate a company-oriented operation, garner local name recognition and build up repeat business from school, package delivery and conventioneer contract arrangements. These developments are discussed in more detail in the next section.

In other aspects Portland Cab is organized similarly to the existing Portland companies. While the majority stock is controlled by two principal owners, six individual owners hold whole or half-cab shares and pay monthly fees to the company for radio-dispatch service and general administration. Lease -- or, in Portland parlance, hired -- drivers are also used.

No disaggregated data on new versus old owners within the various companies was available.

3.1.4 Changes in Operating Practices

All four Portland taxi companies share basic operational similarities, including a combination of company-owned and member- or associate-owned vehicles, predominately owner-driven with some lease drivers. There were 26 non-drivers out of 321 owners (8.1%) in 1978 and only 4 out of 341 owners (1.2%) reported in 1981.* The number of their vehicles was not available to this report. The larger firms still have some employee drivers

*Excluding New Rose City.

who receive 50 percent of the meter less $0.10 per trip to cover fringes. Financial data for 1977-78 indicated that a Portland taxi owner typically could not cover costs using employee drivers. These data also suggested that owner-drivers received lower wages for their labor than those achieved by hired drivers. No later data were available for comparison.

Member-owners pay monthly dues to the company-association to cover radio dispatching and general administration. These fees vary from $250 per half cab shift (12 hours) per month for Portland Cab (which also requires a one-time "initiation" fee of $700) to $350 per month for Broadway and $430 per month for Radio Cab. Entering either of the larger companies requires an original purchase of shares in the company. Cab lease or rental agreement costs per shift are generally in the $25-35 range.* These fees have not changed appreciably in the past three years.

Broadway Cab Company became a cooperative in July 1980, with each member having one vote in comparison to the previous system of voting according to the number of cabs held. Radio Cab, while still a corporation at this writing, is reportedly considering re-organizing as a CO-OP as well. Neither company's representative would attribute this development to the regulatory changes, however, but explained it in terms of the advantages for the association of returning dividends to the individual members instead of paying taxes for the membership. There is also a growing trend toward half-cab ownership as operating costs increase.

3.1.5 Labor Issues

The Portland taxi industry had traditionally been covered by the Teamsters Union, which represented all operators but those in New Rose City. The union has been losing strength in recent years as the number of owner-drivers and lease drivers increase because union organization and arbitration has limited applicability to these worker-types. The present three-year union agreement

*Data on New Rose City member and lease fees were not available.

at one company was initiated in February 1979 and management anticipates that their member-drivers will refuse to enter another one. Some members reportedly already refuse to pay their union dues. This shift is not attributed to regulatory revision, however, but primarily to there being no perceived advantage to union membership for these driver types.

According to the former Taxi Supervisor, however, the controversy regarding continuing unionization was instrumental in achieving the management changeover in Radio Cab Company. The company's current leaning toward reorganization as a CO-OP was seen as a further offshoot of this trend.

3.2 LEVEL OF SERVICE CHANGES

No formal data collection was conducted to provide for estimation of changes in level of service measures such as total in-service hours, day versus nighttime availability or response times. Anecdotal evidence provides some information on geographic specialization, the relative proportions of different service types and utilization of taxi stands. Operational data collected by the Taxi Supervisor permit an estimate of shifts per cab per day.

3.2.1 Geographic Specialization

The larger companies officially serve the entire city of Portland, and hold permits for all taxi stands citywide. In practice, however, they reportedly divide the city into primary service areas and take or refer calls to the other company on this basis. The two smaller companies, on the other hand, specialize in more limited geographic areas, evidently contiguous (and potentially overlapping) ones. Portland Cab Company mentioned the Rose City and southeastern to Gresham portions of Portland as its primary base of operations, while New Rose City Cab reportedly focuses on the northeastern, predominantly black residential areas, including portions of Rose City. Thus geographic coverage has not markedly increased or changed as a result of regulatory revision.

3.2.2 Taxi Vehicle Utilization

Taxi company operational data for 1980 and 1981 filed with the Taxi Supervisor indicate that the larger companies operate about 1.3 shifts per cab per day overall, while the smaller ones operate about 0.85 shifts per cab per day. These estimates contradict operator reports that cabs are typically run for two shifts a day, a report which is supported by the increasing numbers of "half" cabs. Operator submission of financial and operating information has been a sore point since before open entry, and the data on which these estimates are based may be incomplete.

3.2.3 Relative Proportions of Service by Type

The proportion of contract, telephone (or bell) and stand- or street-hail business reportedly varies from company to company, with the smaller companies relatively more dependent upon the stand-hail market and the large ones garnering more of the telephone request trips. All companies are reportedly trying to increase their contract operations. One major contract is the non-lift-equipped portion of the Tri-County Metropolitan Transportation District's (Tri-Met) special needs transportation services. Termed Supplemental LIFT service, this portion comprises trip requests from the non-wheelchair ambulatory which are ordinarily routed to taxicabs. Broadway Cab has held this contract over the past two years. All operators interviewed stressed the importance of contract services such as package, medical, and luggage deliveries and school trips. These services' current proportion of total revenues was estimated at 15 percent by a representative of one of the small firms and as much as 60 percent by a representative of one of the large ones. These estimates also indicated some increase in these services since 1978-79. Allen estimated contract trips at 10 percent of total trips for the two large companies* and pre-revisions personal interview data recorded by DCCO corroborates this estimate. Phone orders generally exceed pick-ups, but none of the operators could readily offer a percentage breakdown of each. The increase in contract services, however, suggests a downward shift from the 1978-79 estimate of basic exclusive ride phone orders as 70-80 percent of total trips.

*op. cit., Vol. 2, page 13.

One of the large firms' representatives estimated its conventional exclusive ride service at only 20 percent of total revenues as the company continues to emphasize contract services. He re-affirmed the company's commitment to maintain this kind of service on a fully-integrated basis with its contract operations, however.

3.2.4 Taxi Stand Utilization

Portland taxi stands had become exclusive to one or another company by tradition and driver self-enforcement until the entry of Rose City Cab company in 1970, when a special rotation procedure was established to permit the new company to have priority at the high-demand stands for several days per month, according to its proportion of all cabs.

In 1974, Price-Waterhouse tested the cabstand rotation formula to see if each taxi company actually realized revenues from the stand rotation in proportion to its number of taxicabs. The test found that the formula produced inequities, chiefly because the small company did not have enough taxicabs to continually cover its allocated zone. In 1977, a procedure was established by which taxi zone permits were granted in proportion to each company's share of all taxicabs, but maintaining exclusivity.

The 1979 ordinance provides for each company to acquire permits for all zones. One of the larger firms' representatives complained that the smaller firms make undue use of cabstands in proportion to the fees they pay. But this objection appears untenable in that the fee is calculated on the company's total cabs and the large firms are obviously better able to cover stands if they choose since they outnumber the small ones by seven to one.

3.2.5 Taxis Use of Portland Mall

Regulations governing Portland's transit mall, Portland Mall, severely limit its use by taxicabs. Taxis are permitted to use Mall bus lanes during limited nighttime hours (7 pm to 6 am) and on Sundays and holidays

for through travel, but are not permitted to stop or stand in bus lanes. The taxi companies have asserted that their right to use the bus lanes at all hours is as valid as that of the private interstate carriers -- Greyhound and Trailways -- as well as of DART, the airport-downtown shuttle. Elderly and handicapped taxi patrons have supported this contention, adding that taxis should also be permitted to pick up and drop off on the Mall, thereby increasing accessibility for these mobility-impaired passengers.

Taxicab operator objections to the Mall restrictions produced controversy in early 1981. Tri-Met spokespersons were quoted as vigorously opposing any change in Mall regulations, asserting that the taxi companies are not mass transportation providers and that their use of the Mall during weekday hours would pose safety hazards. The taxi operators contended that by-passing the Mall not only inconveniences their passengers but increases mileage and trip costs. They asserted that Mall construction had deprived the industry of several good downtown stands and that Tri-Met enforcement of Mall regulations against taxi companies amounted to discrimination.

These arguments led to meetings beginning February 1981 between the Taxicab Supervisor, the taxi companies, and Tri-Met at the Direction of Public Affairs Commissioner Schwab to produce a resolution of the conflict. The City Attorney was then directed to study the contracts between Tri-Met and the City, especially in the light of DART's and the limousine companies' access to the Mall and to prepare a brief on the taxi companies' claims. This brief was forwarded to the Commissioner and Taxi Supervisor in mid-April. Following their review and consideration, it will be released for discussion with the industry and Tri-Met, after which modifications to the Mall regulations may be proposed. The brief had not been released by this writing, although the Taxi Supervisor reported that it looked good for the taxi industry to gain some ground on the Mall.

3.2.6 Service Innovations

3.2.6.1 Portland's Newest Operation - Portland Cab, the city's newest company, particularly represents itself as an innovator among Portland

operators. So far, these innovations have extended to aggressive pursuit of school and delivery contracts and conventions as well as loose interpretation of airport taxi regulations to stake out untraditional loading areas and the like. The company's newer management is attempting to focus these operations to achieve local name recognition and consolidate a limited geographic base of operations consonant with a small fleet. Strict control over hired (lease) and member drivers is an essential ingredient to their strategy, according to management. Management estimates the ideal fleet size at 25 cabs and aims eventually to obtain this many permits.*

The company is also reportedly preparing a point-to-point, shared-ride service proposal to be charged on a flat rate similar to the airport-to-downtown flat rate for future city consideration and approval.

3.2.6.2 Joint-Venture by Large Companies to Provide LIFT Service - The two large companies have re-emphasized their cooperation by joining together to provide the Tri-Met supplemental LIFT service previously alternated between Broadway and Radio on a monthly basis and handled exclusively by Broadway for the past two years.

Broadway and Radio also achieved what was described by one's representative as a 50-year first by submitting a joint-venture qualifications statement to provide the basic lift-equipped van-type LIFT service in addition to the non-wheelchair trips already served by taxicab. Although their bid was ultimately unsuccessful, the joint proposal from local taxi operators is noteworthy. According to Broadway's LIFT Coordinator, when in 1979 Tri-Met decided to contract out the basic service, the local taxi companies, although they had experience in providing the supplemental services, expressed no interest while an outside service provider came in and submitted a successful bid. Neither large company alone had the capability to provide the full LIFT service, but neither did they consider cooperating

*Nearly two-thirds of all taxicab operations nationally inventoried by Wells, TAXICAB OPERATING STATISTICS, DOT-TPI-10-77-22, 1977, were of this size in 1977.

since their alternation of the supplemental service had not been entirely successful. The turning point reportedly came with re-organization of the one firm and new management in the other, permitting reconsideration of an idea which had been casually discounted before.

Although none of the spokesmen interviewed would attribute these developments to regulatory revision, these innovations -- as well as the more pervasive emphasis on contract services to special user groups -- undoubtedly derive some impetus from the increasing competition for what is perceived as a limited number of trips by an expanding industry.

3.3 CHANGES IN FARES AND PRICING PRACTICES

3.3.1 Rates by Service and Operator Type

All four companies filed the new maximum rate for exclusive ride service shortly after it was increased in 1979. Portland Cab Company reportedly offers a 10 percent discount to seniors, but city staff emphasize that it is at the individual driver's discretion to do so. New Rose City management reports it offers a reduced meter rate to regular customers.

The airport flat rate is also reportedly generally used although there is no conclusive evidence as to whether operators readily mention this fare or attempt to group riders from the airport to the downtown area. The flat rate for trips within the downtown area was discontinued in 1980 from lack of use.

Portland Cab Company management disclosed its intention to propose another point-to-point flat rate shared-ride service for a comparable distance and fare to that established for airport-downtown trips. This proposal has yet to be submitted to the Taxi Supervisor and Council, however.

All four companies provide package delivery and/or other contract services such as school and conventioneer trips on a fixed price or per rid basis.

3.3.2 Changes in Rate Structures

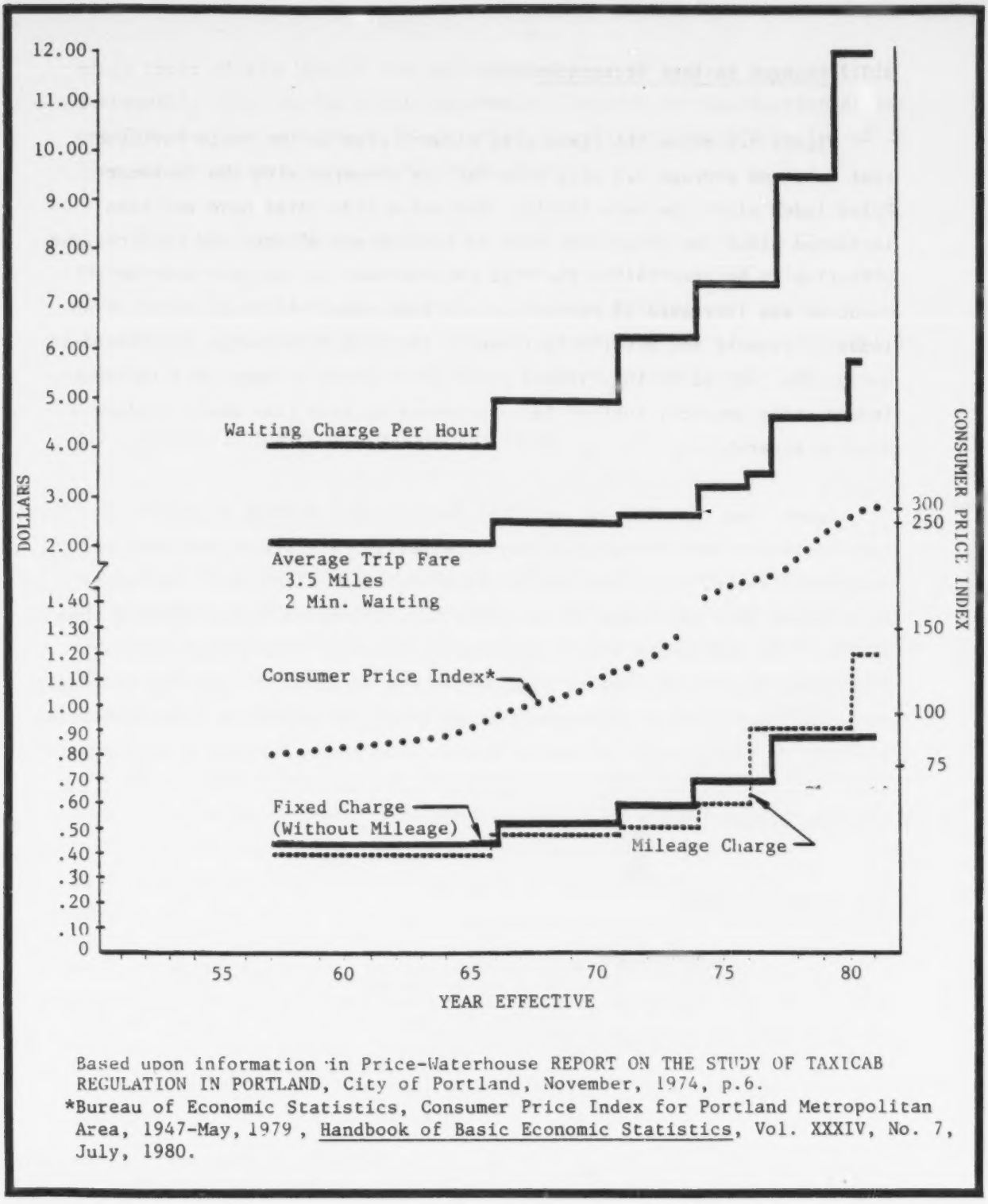
Figure 3.1 shows the (generally slower) rise in the basic Portland taxi rate and average 3.5 mile trip fare as compared with the Consumer Price Index since the late 1950's. Exclusive ride rates have not been increased since the 33 percent rise in the maximum mileage and wait charges effective in October 1979. The flat rate between the airport and the downtown was increased 33 percent at the same time. Although rumor of an industry request for a $0.50 increase in the flag drop charge circulated in early 1981, operators interviewed reported no plans to seek rate increases. Indeed, they predict, further fare increases at this time would produce a drop in ridership.*

Apart from the discount and flat rate charges already reported, Portland taxi operators have not adopted any alternative rate structures such as zone-based rates, nighttime surcharges or off-peak discounts. Operators interviewed have expressed an antipathy for zone-based fares, finding them difficult to understand and to administer, compared with a flat rate. Zone-based fares also seem to them to require metering to preclude passenger or driver confusion or misrepresentation about the number of zone boundaries crossed, to clock zonal increments and to keep each passenger's fare separately. Thus, they contend, offering zone-based rates will require multiple metering capability.

3.4 DEMAND CHANGES

Little hard data exists for estimating taxi passenger trips or ridership or changes over time. The following sections present what information was available to the case study.

*Allen, op. cit., Vol. 2, p.18 calculated a taxi demand elasticity in Portland of -0.4, so that a rate increase should still produce a net increase in revenues.



Based upon information in Price-Waterhouse REPORT ON THE STUDY OF TAXICAB REGULATION IN PORTLAND, City of Portland, November, 1974, p.6.

*Bureau of Economic Statistics, Consumer Price Index for Portland Metropolitan Area, 1947-May, 1979 , Handbook of Basic Economic Statistics, Vol. XXXIV, No. 7, July, 1980.

Figure 3-1

CHANGES IN TAXI RATE STRUCTURE IN PORTLAND, 1957 - 1979, COMPARED WITH CONSUMER PRICE INDEX

3.4.1 Shift Productivities

Taxi company operational data for 1980 and 1981 indicate that the large companies operate about 1.3 shifts per cab per day while the smaller ones operate about 0.85 shifts per cab per day. Estimates of trips per shift vary from 8 to 9 for the smaller companies to 16 for the larger ones. Thus, the larger companies, with 87 percent of operating cabs, are providing 94 percent of all trips.

3.4.2 Estimates of Passenger Trips and Ridership

According to these estimates, the Portland industry as a whole is currently providing about 3,700 trips per day, while the average Portland taxicab makes 6,910 trips per year.* This estimate indicates no change from the average trips per cab per year calculated by Allen in 1978.** There evidently has, however, been a small increase in total trips now being shared by the larger number of taxicabs. On the other hand, shifts are also reportedly longer now, averaging 12 hours for the larger companies compared to the 9 hours reported by Allen. This change may chiefly be owing to the increases in half-cab ownership and leasing.

If average vehicle occupancy is 1.15 passengers per trip,*** the average Portland taxicab carries about 7,950 passengers per year. This is somewhat less than the national average of 10,900 reported by Wells for 1977. About 1.9 million passengers therefore ride in Portland taxicabs annually.

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*At 5.5 days of operation per week, or 286 days per year.

**6,900 trips per cab per year, op. cit., Vol. 2, p.14.

***Price-Waterhouse, op. cit., reported 1.25 Portland passengers per trip, regarded as low by Allen in comparison with the national average (1977) of 1.46. Yet 1980-81 data submitted by the two larger companies show 1.1 or 1.2 passengers per trip. (These figures may verify that these companies serve a large proportion of delivery trips.) San Diego trip sheet data for 1979 and 1980 showed 1.54 passengers per trip.

4. ATTITUDES AND AWARENESS

Mutual suspicion has tended to color relationships between regulators and the taxi industry in Portland as well as in other cities. Taxi operators point to open entry legislation as evidence of regulator ignorance of the depressed condition of the local market. The industry expresses its resentment at having to comply with data reporting and other onerous requirements it perceives as purely pro forma -- since the regulators' interpretation of these data does not seem to show them how bad things are. Meanwhile, regulators tend to view the taxi operators as uncooperative and monopolistic. Paradoxically, at least the older companies seek to preserve some qualification requirements for whatever exclusionary protection they afford. Likewise the regulators seek to impose requirements fostering industry self-regulation in order to minimize their administrative and enforcement costs while preserving service and safety standards.

Antagonism was mitigated in Portland by the small size and high organization of the local industry, rendering operator-regulator liaison more practical than elsewhere. The existing service companies had developed a spirit of cooperation with the city administration, maintaining overall high service levels while being essentially self-regulating in many areas. The regulators submitted all proposed legislative revisions to the industry for its review and commentary, subsantially modifying the original proposals and further stiffening qualification requirements in 1980 following operator resistance to the 1979 provisions. The Taxi Supervisor has also convened regular industry liaison group meetings with an on-going committee of driver representatives to provide a forum for such discussions to continue. While cooperation between the city and the industry apparently had been adversely affected by the 1979 ordinance, it has improved again since the 1980 revisions as a result of these interactions.

The following paragraphs discuss attitudes before and following the regulatory revisions among three primary groups: the regulators, transportation service providers (the taxi industry and Tri-Met), and the general public.

4.1 REGULATORS

The regulators' primary objectives for regulatory revisions in Portland were generally as stated above. Policy-makers sought to make the industry more "self-regulating" so that municipal resources could be devoted to more important functions. The Goldschmidt administration and one of the city's consultants particularly advocated relaxation of entry and fare restrictions to induce competition and innovation. But this approach had been somewhat mediated prior to passage of the 1979 law. (Recall that Mayor Goldschmidt did not ultimately vote for it.). The moderate approach appears to have solidified over time. By the time of the draft of the 1980 revisions, most of the former Goldschmidt staff had left city government and the new Mayor's and Commissioner's interest in taxi regulations was more simply pragmatic.

The 1980 changes chiefly attempt to reduce the repercussions of taxi regulation -- specifically the threat of appeal -- by reducing the Supervisor's authority over new entry, even at the cost of greater Council involvement. These provisions are also at least somewhat in response to local industry recommendations. Although the Taxi Supervisor referred to these later changes as strengthening the impetus for new entry by clarifying requirements and procedures, their effect appears to harken back to the taxi industry's former status as a "sleeping dog" better left alone. It should be noted that these later revisions were not in response to any large demand for permits. Relatively few permits were issued, but two out of the four sets of awards were contested (though both appeals were eventually withdrawn).

In keeping with this general program of rendering the industry self-regulating has been the Supervisor's attempt to achieve uniform compliance with the current regulations.

Bringing the two smaller companies up to the 15-cab minimum requirement was a first step, and part and parcel with submittal of financial and operation data. Strengthening the requirements for driver permits followed,

and enforcement of taximeter inspections is currently underway, with vehicle safety inspections certification to follow. These activities all lead in the direction of assuring adequate minimum regulation of the existing industry rather than toward any far-reaching modifications to it.

4.2 SERVICE PROVIDERS

The larger companies, previously reported as vehemently opposed to the relaxation of entry restrictions, have evidently influenced the city to moderate its position. Appeal of both awards of additional permits to the city's one new company and more informal lobbying efforts were the mechanisms used. The industry is currently using its biweekly liaison committee meetings with the Supervisor to propose and discuss additional recommendations. The rate of taximeter inspections, various approaches to the short-haul refusal problem at the airport, taxi use of metered parking spaces, and an increase in the airport flat rate have all been discussed. Some of these proposals have been forwarded to the Commissioner for her review and sent back to the committee for further discussions.

The larger taxi company managers interviewed reported that new entry has decreased revenues in that economic recession has damaged the Portland taxi business and there were few enough trips to support fewer taxicabs before. They assert that the smaller companies sit on the stands and take more than their share of stand-hail business while not serving the whole community. On the other hand, they hesitate to acknowledge that they are specifically hurt by added competition and point out that the small companies cannot compete effectively for the bell market or large service contracts. Neither large company has any plans to obtain additional permits.

The newest company's manager, not surprisingly, is more in favor of open entry and hopes to obtain another ten permits sometime in the future. He applauds the legislation which permits him to "innovate" with aggressive taxi stand techniques and to develop an alternate shared-ride flat rate proposal (still undisclosed at this writing).

Tri-Met continues to oppose the taxi industry's bid to utilize the Portland Mall bus lanes during daytime hours and to enforce current Mall regulations against taxicabs. This appears to be an issue of protecting one's turf and is consistent with Tri-Met's previous decision not to contract with the taxi companies to provide late-night (Owl) service on low-productivity routes. Some antagonism may have been bred of this decision; Tri-Met evidently felt the taxi companies should have bid to provide these rides at less than the meter rate while the companies saw no need to bid against themselves.

4.3 THE PUBLIC

The taxi regulation issue, though briefly politicized under Mayor Goldschmidt's administration, seems never to have achieved the notoriety in Portland that it has had in other locales. Despite the occasional letter to the newspapers, e.g., regarding taxi use of Portland Mall, and various complaints to the Supervisor (75 to 80 percent reportedly concern short-haul refusals from the airport), the public has been generally quiescent. There was no organized constituency for or against either the 1979 code changes or the subsequent revisions to them. A senior and handicapped taxi scrip discount program (with the taxi operators absorbing the 10 percent loss) was eliminated in 1977 and there has been no impetus to restore it. A committee of representatives of various senior centers has proposed to manage the new LIFT service, but its focus is only tangential to taxis or regulation.

5. CONCLUSIONS AND TRANSFERABLE IMPLICATIONS

Although both the regulatory changes and responses to them were relatively undramatic in Portland, the case study offers several conclusions which are presented by subject area in the following paragraphs. This section closes with a statement of the transferable implications these conclusions suggest for other regulatory bodies.

5.1 ENTRY

There was little response to removal of the permit ceiling and the other changes to induce demand for permits from new or existing operators, after either the first or the second set of revisions. The basic structure of the Portland industry has not changed. The exclusion of unaffiliated independent owner-operators and the increase in the minimum number of taxicabs required are likely factors in this result. Pre-existing company managers insist the Portland taxi industry is too depressed to support additional service.

Only one new company entered the industry and it is not possible to infer whether it would have tried to obtain new permits after the 1980 changes had it not already done so during 1979. The operators involved were previous members of one of the larger companies, not newcomers to the Portland area. There is no evidence that they did any market research on Portland taxi business profitability or prospects prior to applying for permits. One of the pre-existing large companies acquired three additional permits, but evidence indicates they may previously have been operating the three cabs. Management asserts Portland is the last place it would choose to start a taxi business.

Each of the two smaller companies subsequently applied for additional permits, but this may have been chiefly as a result of the Supervisor's efforts to achieve uniform compliance with the 15-cab minimum requirement.

One of them ultimately declined its permits, which supports the industry's expressed pessimism. No pre-existing operation has failed or decreased its permits, however.

5.2 LEVEL OF SERVICE AND OPERATING PRACTICES

The increment in total permits is too small to produce an appreciable change in geographic service coverage. The smaller companies now have better access to taxi stands citywide, owing to changes in the provisions governing their use. Operators report an increasing emphasis on package delivery and other traditional contract services.

The service innovations anticipated from regulatory revision by some of the regulatory policy-makers, such as shared-riding or taxi pools, have not materialized. The industry would likely assert that there are already too few trips per cab on an exclusive ride basis, so that combining these trips would only produce a further drop in revenues. The two larger companies cooperated in extending an unsuccessful joint bid on Tri-Met's LIFT services. Whether they will go on to develop other vehicle-for-hire-type service offerings remains to be seen. One of the small companies represents its aggressive stand-hail techniques as innovative and says it is planning to submit a new shared-ride flat rate proposal for city consideration.

5.3 FARES AND PRICING PRACTICES

Portland taxi fares in recent years have tended just to keep pace with inflation. The fixed and mileage charges currently in effect among all operators are generally typical of those in other West Coast cities, although somewhat lower than the current averages in Seattle and San Diego, other open rate cities. Portland operators interviewed predicted that further fare increases are not feasible now, however, because they would result in decreases in ridership.

Portland taxi operators have not engaged in price competition to any significant extent. The maximum rate of fare is evidently set too low to permit price competition under it. Other forms of price competition, moreover, such as senior and off-peak discounts, zone fares and other alternative pricing structures, are also lacking. A 10 percent discount scrip program for seniors and the handicapped (with the taxi owners absorbing the entire loss) was eliminated in 1977. It is up to the discretion of individual drivers to mention the 10 percent seniors discount reportedly offered by one of the small companies. The downtown flat rate was discontinued in 1980 from lack of use. One of the smaller companies is reportedly preparing to propose a second flat rate service for city consideration.

5.4 COUNCIL AND ADMINISTRATIVE STAFF INVOLVEMENT

The revised regulations do not appear to have streamlined the permit applications process consonant with regulator objectives. Taxi company permit applications, both new and additional, have continued to be protracted undertakings under both major versions of regulatory changes. The lack of complete supporting documentation has caused delays, while the alleged subjectivity of the Taxi Supervisor's permit awards occasioned appeals by the other operators. Applicants have not provided full supporting data in time for their public hearing such that evaluation finally revolves to the Supervisor. Thus, despite the shift of final authority for granting new permits from the Supervisor back to the Council effected in the 1980 legislation, the Supervisor must continue to exercise subjective judgement in qualifying applicants. The potential for future appeals of the Supervisor's decisions to the City Council therefore continues.

Owing to there conditions as well as to ambiguities in the text of the 1979 ordinance, Portland has adopted two subsequent sets of regulations and an increase in the maximum rate of fare (all requiring Council action) since the 1979 law went into effect. The taxi industry, moreover, was

evidently successful in achieving moderation of the regulatory proposals. The taxi industry liaison committee is reportedly preparing new legislative proposals for Council consideration. These events suggest that regulatory revision has not yet reduced the Council's involvement in taxi matters.

Centralization of the major taxi regulatory functions under the Taxi Supervisor, however, appears to represent a significant improvement toward achieving uniform compliance with minimum requirements so that the industry may continue self-regulating in other areas. Ordinary liaison between the city and the industry, when the industry is as small and highly organized as that in Portland, moreover, is readily achieved through a single, highly motivated but authoritative individual.

The lack of rigorous administrative time and dollar cost accounting and the former dispersion of taxi regulatory functions throughout city government undermine an attempt to itemize changes in administrative costs after regulatory revision. Revenues generated from current taxi vehicle and driver permit fees do not appear fully to recover the costs of the Taxi Supervisor's function and support, however.

5.5 REGULATOR AND INDUSTRY ATTITUDES

Regulator objectives for taxi regulation have evolved from an initial impetus to update and clarify the outmoded code, through efforts to use regulation to induce competition and service innovation, back to a primary concern with administrative practicability rather than to effect sweeping reforms. The lack of a consistent and ongoing policy concensus and program of objectives for taxi regulatory revision in Portland appears to have produced something of a "false start" and paved the way for a later retrenchment of regulatory objectives once the original staff proponents had left city government.

Industry objections to the 1979 ordinance were forceful. Although local operators reportedly favored the legislation as passed, the pre-existing companies organized to appeal each of the Taxi Supervisor's permit awards under the new ordinance. The reactions prompted the Council to incorporate operator suggestions to restore some of the previous public convenience and necessity-type requirements as factors to be considered in qualifying new applications. Since the "open competition" advocates of regulatory revision had left city government, these recommendations were evidently in keeping with the city's approach going in to the 1980 law.

5.6 TRANSFERABLE IMPLICATIONS FOR OTHER REGULATORY AGENCIES

5.6.1 Regulation as a Means to Service Innovations

Clearly, taxi service innovations cannot occur under a regulatory structure which prohibits or discourages them. But it is not clear from the Portland case study that a more flexible structure alone will induce the changes sought by policy-makers. Portland provided cost-saving inducements to ridership to avail themselves of the shared-ride downtown and airport-to-downtown flat rates with only partial success. Planning and advertising support from city staff to develop local markets as well as other incentives to the taxi industry may be necessary to induce taxi operator commitment to developing new service types and pricing practices.

Ongoing liaison with taxi company managers and drivers as well as outside guest presentations -- such as have been implemented by the Portland Taxi Supervisor -- may help to disseminate innovative concepts and stimulate local thinking just as they have served to provide industry input to proposed legislative changes.

5.6.2 Taxi Code Revisions as a Multi-Stage Process

The Portland experience suggests that other regulators would be optimistic to expect to achieve taxi regulatory reform in a single step. Successive waves of regulatory revision and amendment may be required to achieve a practical and comprehensive ordinance.

The Portland experience also suggests that the absence of an on-going, consistent industry and city policy concensus may lengthen the process and produce some apparent changes in direction and replication of effort.

5.6.3 Danger of Vesting Discretionary Authority in a Single Official

Operator appeals of the Taxi Supervisor's permit decisions in Portland as well as her ultimately unsuccessful attempt to bring both of the smaller companies into compliance with the 15-cab minimum requirement suggest that vesting wide discretionary authority in a single individual is fraught with potential complications. To effect such a shift of regulatory authority in conjunction with relaxation of entry restrictions is likely to be controversial. Maintaining the Council's final authority over taxi regulatory matters may be necessary to preserve industry confidence. In any event, the approach should provide the taxi regulator sufficient opportunity to earn such confidence before attempting to undertake sweeping changes.

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APPENDIX A

REPORT OF NEW TECHNOLOGY

A thorough review of the work performed under this contract has revealed no significant innovations, discoveries, or inventions at this time. In addition, all methodologies employed are available in the open literature. However, the findings in this document do represent new information and should prove useful throughout the United States in designing and evaluating future transportation demonstrations.

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